Congressman Steve King today issued the following statement on H.R. 1106, Speaker Pelosi's "cram-down" housing legislation. A cram-down is a court-ordered reduction of the balance due on a home mortgage loan.

"Responsible Iowans who pay their bills and follow the rules should not be forced to pay for the mortgages of law-breakers, scam artists and those who acted irresponsibly," King said. "I reject the idea that poor decisions, fraud and misrepresentation should be rewarded. In our free-market society, the degree of risk must be proportional to the potential for profit. This legislation upsets that equation and punishes law-abiding taxpayers and homeowners."

BACKGROUND:

- This "cram-down" legislation allows bankruptcy judges to rewrite the mortgage terms on an individual's primary residence. Courts will be able to alter contracts by reducing mortgage principal, adjusting interest rates, extending maturity dates, and limiting recovery of mortgage-related creditor fees.